

Fight on War Tax Opens in Congress

Business Men Urge Bond Issues to Lessen Burden

Hope for Big Cuts in House Measure

Fordney Against Increase in Profits Tax; Fears Evasion

Washington, May 11.—A strong hope that the Senate will make smashing reductions in the taxes imposed by the House revenue bill, and by the use of a larger proportion of bonds spread the cost of the war over a period of years, is felt to-night by the scores of representatives of business interests assembled here for the hearing on the bill before the Senate Finance Committee.

The hearing to-day ended with the protest of tobacco manufacturers from Chairman Simmons's state, North Carolina. They objected strongly to doubling the present tax on cigarettes and tobacco, declaring that it would lead to so much retrenchment by smokers and chewers as to defeat the object of the bill. They said it might lead to an actual reduction in the revenue obtained, instead of an increase, besides injuring the government, would work demoralization of the tobacco business. They suggested that an increase of 40 per cent on the tax would probably increase the revenue by almost that amount, and pointed out that the House had increased the tax on cigars 40 per cent.

Merchants Say They Face Ruin

Manufacturers who would have to pay the increased excess profits tax, distillers, brewers and soda fountain interests affected by the higher rate on alcoholic and soft drinks, all told the Senate committee that they feared ruin if the bill passed. Nearly every witness declared his particular business seemed to have been made the target for an unjust and exorbitant tax.

In the House, too, many portions of the bill were under fire, but the reply of Democratic and Republican leaders was that the money must be raised and only high taxes could provide it. Representative Fordney, of Michigan, ranking Republican on the Ways and Means Committee, made a four-hour speech for the measure. He said he agreed with Democratic Leader Kitchin that the bill had some points where they are on the whole, it is equitable, and should be passed to meet the war emergency.

The income tax increases and the rise in postal rates consumed a large part of the time to-day. The House committee suggested that the tax on big incomes was not high enough, and others opposed vigorously the proposal to increase the postage rate and second-class matter by creation of a new system.

Replying to critics of the income tax section, Mr. Fordney told the House that there is a limit to which the government can go in increasing taxes, and that it is time to begin to evade the law.

Fordney Warns of Evasion

"There is no law in this country or any other," he said, "that compels a corporation to pay dividends. The minute you have taxed the corporations to a point where they see you are about to confiscate their property they will pass to surplus their earnings, instead of paying it in dividends. In making up their income returns the committee was mindful of these possibilities."

Republican Leader Mann asked if it would not be fair to tax newspaper and magazine advertising than to put the proposed additional postage rate on second-class matter.

Mr. Fordney replied that this would be a tax on volume of business and unjust.

Representative Hull, of Iowa, also opposed the increased rates for magazines and newspapers, and challenged statements that the government now is losing millions annually on this class of business.

Representative Blank, of Indiana, told the House the Postoffice Department had worked out an amendment to provide that no salaries of postmasters shall be increased during the war. The debate will be continued to-morrow.

It was a gloomy picture that the House painted for the Senate Committee. Disorganization of industries, closed factories, discharged employees, reduced prices to producers and destruction of retailers were among the predictions.

Representatives of national manufacturers and industrial organizations declared the excess profits tax was discriminatory against corporations. It was suggested that the tax burden be distributed over several decades.

Oppose Stock Dividends Tax

Objections to the income taxes on stock dividends were made by Paul D. Cravath, representing Bethlehem Steel Company stockholders; J. Kratz, of the Lackawanna Steel Company; and Edward W. Wakeley, of the New Jersey Public Service Corporation.

"We do not oppose any scheme of fair distribution of these taxes, nor the size of the tax burden, nor the tax itself," said Mr. Cravath, "but an income tax on stock dividends before their conversion into cash is an unfair and unequal distribution."

James A. Emory, counsel for the National Association of Manufacturers and other organizations, which he said comprised 5,000 corporations employing 2,700,000 workmen, or 55 per cent

Buying for All Allies Will Be Pooled in U.S.

Unlimited Purchasing Power May Be Vested in a Single Head

Plan Would Prevent Competition in Bidding

Needs of America Will Be Cared for Before Those of Europe

Washington, May 11.—An international agreement under which there will be placed in the hands of a small commission, possibly of one man, the purchasing power of virtually every dollar of the billions to be loaned the Allies by this government and the additional billions which they will spend in this country out of their own income, is at present in process of formulation.

Draft of the proposed agreement has been left to Secretary McAdoo, who already has held a number of conferences with foreign envoys on the subject. Great Britain, France and Italy are understood to have signified their desire to enter such an agreement, and other Entente governments are likely to assume the same attitude.

Discussion of the proposed agreement has reached a stage where the chief beneficiaries of the huge American loan have agreed that it would be to the interest of all concerned to eliminate absolutely competition among themselves for American products, and have signified their readiness to pledge themselves to do so.

To Attain Maximum Efficiency

The agreement, when drafted, would have for its aim the attainment of maximum efficiency, both for the Allies and the American government, for every dollar spent in this country for war purposes.

The commission, when created, would have the widest purchasing powers ever accorded to any one body of men or one man in the history of the world. It virtually would be a purchasing agency for all the world, with the exception of the few remaining neutrals and the Central Powers. It would eliminate entirely competitive bidding among the Allies and this government for American products, and would seek to insure one hundred cents' worth of value for every dollar expended.

prevailing in this country for the last two decades, under which the big producer gradually, by combinations and normal growth, assumed the position of the dominant factor, for the big producer, by the price he fixed, would be almost completely reversed. Not the producer, but the buyer would be the dominant factor, for the big producer would be the one to supply the needs of the Allies.

No Fixing of Prices

The plan involves no fixing of prices, fixed to any one body of men or one man. The program eliminating competitive bidding for the foodstuffs, steel, munitions, clothing and countless other articles which America alone can supply to the Allies.

of the Allies to satisfy individual requirements in this country, it is realized that their united demands would be met by the United States. Repetition of this process, officials believe, would minimize the effectiveness of American financial cooperation and seriously cripple the purchasing power of the Allies for military, naval and other needs of this government.

Upon ratification of the proposed agreement the personnel of the purchasing commission will be designated by this government. It probably will have more than five members. The entire responsibility may be vested in one man.

It will be the duty of the commission to receive the requisitions of the foreign governments for supplies of all sorts and to execute them equitably. Under the present plan the commission will not necessarily attempt to purchase supplies for the Allies. Whatever this government establishes for its military and naval establishments probably will be purchased, as in the past, through the War and Navy departments.

The commission will cooperate with the American departments to the end that there will be no competitive bidding between any foreign government and the United States. American needs, naturally, will come first. The place, and after they are satisfied, it is expected that a residue of production will be available for neutrals.

Prior to the entrance of this country into the war the Allies, through their fiscal agents here, sought to place a similar plan in effect, but this program was nullified to some extent by the action of Russia and Germany, who failed to comprehend or for some other reason to help carry out the plan.

Chinese House Votes

Down War Resolution

Troops Scatter Mob Clamoring for Action Against Germany

Peking, May 11.—After a riotous session lasting throughout Thursday night, the House of Representatives refused to pass a resolution declaring war on Germany.

The House of Parliament was surrounded by a mob which demanded war, making threats of violence. Under the orders of Premier Tuan Chi-jui troops dispersed the mob.

The Premier addressed the House, urging a declaration of war. He was denounced by members, who said he was attempting to coerce Parliament. The press is opposed to the war party, urging Parliament to resist military pressure on the ground that it threatens the republic.

Every One Must Subscribe To Loans, McAdoo Says

Washington, May 11.—Secretary McAdoo sounded a warning to-day that unless every person who possibly could "do his bit" toward subscribing to the Liberty Loan it might fail.

"I have every confidence," he said, "that the loan will be fully subscribed, but the impression should not be permitted to go abroad that it is certain to carry unless every one who can afford to do so subscribes. Every person who can take part of the loan, no matter how small, should do so at once."

Japan Pledges Her Full Strength to Allies

Washington, May 11.—Japan has placed her merchant fleet and a fast cruiser squadron at the disposal of the Allies, according to reliable information reaching Washington. Only the entrance of the United States into the war has caused as great satisfaction at Entente capitals as Japan's pledge to cooperate without reserve in the further prosecution of the war.

The stand of the Oriental power with the United States and her other allies, it is pointed out, relieves a tension that has been keenly felt in Entente diplomatic circles since the beginning of the war. France, it is known, has favored greater participation by Japan in both the military and naval operations against Germany, but Great Britain has opposed it on the grounds that

the price of Japanese cooperation, as quoted diplomatically from Tokio, was too high.

At one time, it is said, Japan offered her military and naval facilities to the Allies in exchange for four battle cruisers and two super-dreadnoughts, to be delivered by Great Britain at the conclusion of the war. This attempted negotiation, it is known, caused no little concern to official Washington.

Though it has been a remote possibility, the spectre of an alliance between Russia, Germany and Japan has appeared repeatedly in European capitals during the last six months. Whatever chance the pro-German conspirators surrounding the Czar and the militant statesmen of Japan had of accomplishing this realignment of the powers passed, however, with the Russian overturn.

Russian Socialists Call World Peace Congress

Soldiers' and Workmen's Deputies to Establish Relations with Stockholm Conference and Send Delegates to Neutral and Allied Countries

Petrograd, May 10 (via London, May 11).—An appeal to the peoples of the world concerning the calling of a peace conference in a neutral country will be published immediately by the Council of Soldiers' and Workmen's Delegates, according to a resolution adopted at a meeting yesterday of the executive committee of the council.

The committee also resolved to send a delegation to establish relations with the Socialist delegates at Stockholm and to send delegates to neutral and Allied countries to further the peace movement.

It was resolved to call a conference of the Socialist Internationale and to invite to the conference representatives of all parties agreeing with the council's appeal. The resolutions adopted by the executive committee included:

First—To convene a conference of the Socialist Internationale.

Second—To invite to attend the conference representatives of all parties and factions of the international proletariat agreeing with the Council of Soldiers' and Workmen's Delegates' appeal to the peoples of the world.

To Publish Appeal to the World

Third—To form a special commission of the representatives of the executive committee and one representative of each of the Socialist parties to organize the conference and arrange a programme.

Fourth—To publish immediately an appeal to the peoples of the world and to the Socialist parties in Allied countries concerning the convocation of a peace conference.

Fifth—To send a delegation of the executive committee to neutral and Allied countries and to establish contact with the Socialist delegates at Stockholm.

Sixth—The peace conference is to take place in a neutral country, recognizing as a necessary condition that free passage be accorded to all parties and factions without distinction, requests that parties in said neutral country should from their governments free passage for their delegates.

Rumors of Anarchy Denied

N. C. Tchekade, president of the Council of Soldiers' and Workmen's Delegates, after an investigation declares that all rumors of anarchy, of strikes in posts, of the Schliemann district are absolutely unfounded.

It had been announced that twelve members of the Council of Soldiers' and Workmen's Delegates, including the district committee in declaring itself an autonomous unit.

Schliemann, president of the report of the executive committee of the council concerning the proposed Socialist conference at Stockholm, said that for the sake of restoring the international and stopping the war, he was willing to meet not only Schliemann, but the devil and his grandmother. The tone adopted by the Russian Socialist pacifists is exemplified by Gorky's "Novels," which declares that even if the British and French Socialists refuse to participate in the conference the Russian Socialists will.

Socialists Evade Responsibility

The government, in suggesting a coalition ministry, appears to have put the issue squarely up to the Socialists. The government is making an effort to remedy the analogous situation in which the country finds itself through having a nominal government with the power lodged elsewhere.

The council of the Council of Workmen's and Soldiers' Delegates, was intended to shift some of the responsibility for government upon the elements which wield the power and assume the right to direct criticism and the acts of the ministry.

In endeavoring to determine what it is that the Socialists want the ministers have developed that there is a wide divergence of opinion among the Socialists, but that they are practically united in a desire to evade responsibility for the government of the country. The suggestion that representatives of the Socialists take a hand in directing the difficult affairs of the nation met with a flat refusal on the part of the Moscow Council of Deputies and the "Bolshoi Viki," meaning the Extreme Leftists in Petrograd. The proposal elicited only slight support in the Petrograd Council of Deputies.

Apparently the objection to coalition is based upon distrust of the Cabinet.

The Duma's rejection of separate peace plans, the personnel of the Root mission to Russia and the discovery that Borgbjerg, the Danish Socialist, was not authorized by Germany's Socialists to propose a peace conference in Stockholm are told of on Page 7.

Climax of City's Tribute To French and British at Big Dinner to Missions

A. J. BALFOUR, BRITISH LEADER, New York's Most Brilliant Gathering Acclaims Guests

Crowds Turn Out To Greet English Reception at City Hall; Joffre Goes to West Point

By F. F. VAN DE WATER, JR.

Until last night the Grand Ball Room of the Waldorf-Astoria was known as the chamber wherein the citizens of New York once gathered to do honor to Prussian royalty. Since 1902 the great hall has been pointed out as the place where the people of the city made welcome, with fete and rejoicing, Prince Henry of Hohenzollern, brother of the Kaiser.

To-day the memory of that time when New York took one of the overlords of Prussia to its bosom has disappeared. His name has vanished, blotted out by the titles of those who gathered there last night, the greatest assemblage of the upholders of democracy that the nation has ever beheld—

Marshal Joffre, M. René Viviani, Arthur James Balfour, Rear Admiral de Chair, Vice-Admiral Choquet, Lieutenant General Bridges, Marquis de Chambrun, Lord Curzon, Colonel Roosevelt, William Howard Taft, Charles E. Hughes, Governor Whitman, Mayor Mitchell—and the glamour of the royal presence that has clung to the chamber for fifteen years also has disappeared, blasted out of existence by the cheers of fifteen hundred persons, thrilled with the desire to welcome their allies in war, frantic with eagerness to join in that conflict with steel, lead and man power.

Last night marked the meeting of the two Missions sent hither by our two great allies. It was also the time when those whose names stand for what is best in the greatest city of the west broke bread with the men who have upheld the ideals of democracy for nearly three billion years.

They Can Cheer, Too

One last bit of information was added to the store which the weary French commissioners have been collecting during the eventful three days they have passed in the city. They learned last night that citizens of New York, in broadcloth and fine linen, in gay silks and with bare arms and shoulders, can yell quite as loudly, and long and enthusiastically, as their brethren who have lined the curbs since Thursday to see the visitors pass.

The emissaries of our two great Allies dined last night on simple American fare—the sort of meal that might have been set before guests in any home in the United States. And the jubilation which spluttered and fumed and at intervals throughout the evening, exploded violently, was as wholly American and substantial.

Warm Welcome to English

This was the climax of a day which saw the advent of the British Commission, and its ride through streets as filled with the roar of welcome as they had been on Thursday when the French arrived. New York in the warmth of her newly discovered heart, took the Englishmen to her bosom with all of the heartiness that she had bestowed on Joffre and his colleagues.

So mighty was the greeting that she gave to the Britons, that when, at the conclusion of the reception in City Hall, Mr. Balfour arose to speak, his long, humorous face was working with emotion, and he only maintained his British reserve by cutting short his address when his voice began to break.

The day which ended with last night's demonstration also saw the strong, simple Marshal of France trudging down the long, perfect line of the cadets at West Point, and heard him exclaim as he surveyed the stalwart ranks of the nation's young fighting men:

"Bully!"

This is the sole word of English that the man "who stopped them at the Marne" has spoken in public during his stay here. It was an oration in itself.

While Joffre was in his element with the gray-coated ranks at West Point, René Viviani, France's Minister of Justice, was lunching with the lawyers of New York and listening to an address by Charles E. Hughes, filled with the fire of patriotism and the call to duty which every American faces.

Crowning Event of Visit

And then, last night came the crowning event of the French commission's sojourn here. In the flag-draped, laurel-wreathed grand ballroom they heard the leading men of New York City tell them articulately what the wordless bellow of millions has been sounding in their ears for the last three days.

Facing the great electric display of the flags of the three allies, that hung from the Fifth Avenue side of the hotel, thousands of persons packed the sidewalks waiting for the members of the two commissions to arrive. The

Chicago Board Stops May Wheat Trading

May Force British Government to Act

Action Probably Prevented \$10 Wheat, Says Federal Official

(By Telegram to The Tribune.)

Chicago, May 11.—Trading in May wheat was stopped short to-day by the Chicago Board of Trade. It is the first time that such a step has ever been taken on the Chicago board, which fixes the price of wheat for the world. It is regarded as possibly a first step toward the predicted limitation of maximum prices for basic food products.

At a meeting of the directors of the board it was decided to suspend trading in wheat or by a settling price to be agreed upon by a committee.

A Federal official says the action of the board prevented a fight which might have brought \$10 wheat.

Americans Held as Spies

Former Chicagoan and Daughter Arrested in Switzerland

Geneva, Switzerland, May 11.—Dr. Henry Charles Semers, of Chicago, his daughter Alice and two German friends named Rothschild and Hoff have been arrested here as German spies. Dr. Semers, who has an American passport, is said to be a native of Prussia.

The notice embodying the warning has been posted in all affected centres, and explains the stoppage of work, which, it says, was clearly unauthorized by the trade unions, and occurred at a time when, in view of the present offensive on all fronts, there is greater need for munitions than at any previous period.

Government ministers addressed the conference and declared the measures adopted by the government for the duration of private labors were only emergency war measures.

The conference passed a resolution deprecating the strikes.

MARY PICKFORD at the STRAND THEATRE, commencing to-morrow.—Adv.